

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

ROBERT D. HOUSE
(CRD No. 2080155),

Respondent.

Disciplinary Proceeding
No. 2010022188901

Hearing Officer – SNB

DEFAULT DECISION

November 24, 2010

Respondent is barred from associating with any FINRA registered firm in any capacity for failing to respond to requests for information, in violation of Procedural Rule 8210 and Conduct Rule 2010.

Appearances

Patrick K. Craine, Esq., and Andrew Favret, Esq., for the Department of Enforcement.

No appearance by or on behalf of Respondent.

DECISION

I. Background

The FINRA Department of Enforcement (“Enforcement”) filed the attached Complaint with the Office of Hearing Officers on June 17, 2010. The Complaint charges Robert D. House (“Respondent”) with failing to provide documents to FINRA Staff (“Staff”), in violation of FINRA Procedural Rule 8210 and FINRA Conduct Rule 2010.¹

Respondent did not answer the Complaint. Accordingly, on September 27, 2010, Enforcement filed a Motion for Entry of Default Decision and Imposition of Sanctions (“Default Motion”), together with the declaration of Patrick K. Craine, Esq. (“Craine

¹ The applicable rules are available at www.finra.org/rules.

Decl.”) and three exhibits.² For the reasons set forth below, the Hearing Officer found Respondent in default and granted Enforcement’s Default Motion.

II. Respondent’s Default

On June 17, 2010, Enforcement served the Complaint and the First Notice of Complaint on Respondent by mailing them to his most recent address recorded in the Central Registration Depository (“CRD”), as well as an alternate address (the “Alternate address”). CX-1 p. 1; CX-2 p. 1; Craine Decl. ¶ 19. Enforcement mailed the Complaint and First Notice of Complaint by first-class and certified mail, return receipt requested. The certified mailings were returned to Enforcement. The first-class mailings were not returned. CX-2 p. 11; Craine Decl. ¶ 20. Respondent did not answer or otherwise respond to the Complaint.

On July 20, 2010, Enforcement served a Second Notice of Complaint on Respondent by mailing it to his CRD address and the Alternate address. CX-3 p. 1; Craine Decl. ¶ 21. Enforcement mailed the Second Notice of Complaint by first-class and certified mail, return receipt requested. The certified mailings were returned to Enforcement. The first-class mailings were not returned. CX-3 pp. 13, 14; Craine Decl. ¶ 22. To date, Respondent has not answered or otherwise responded to the Complaint.

On August 26, 2010, the Office of Hearing Officers issued an order setting a deadline for Enforcement to file a motion for entry of a default decision, which Enforcement filed on September 27, 2010. Respondent did not file a response to the motion.

² Enforcement’s exhibits are labeled CX-1 through CX-3.

Based on Respondent's default, the Hearing Officer deemed the allegations in the attached Complaint admitted pursuant to Rules 9215(f) and 9269(a).

III. Jurisdiction

Respondent entered the securities industry in 1990. From March 24, 2006, until August 15, 2008, Respondent was registered with Steven L. Falk & Associates Inc. as a General Securities Representative. CX-1 p. 3.

Although Respondent is not currently associated with a member firm, FINRA has jurisdiction over this disciplinary proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) the Complaint was filed within two years after April 8, 2009, the date FINRA terminated Respondent's registration, and (2) the Complaint charges him with misconduct that occurred while he was associated with a FINRA member firm, and with failing to respond to Enforcement's requests for information made during the two-year period following the termination of his FINRA registration.³

IV. Discussion

The Complaint alleges that Respondent failed to respond to two requests to appear for on-the-record ("OTR") testimony Staff sent to him pursuant to FINRA Rule 8210 in connection with FINRA's investigation of complaints about Respondent's offering of investments in real estate notes. The requests were dated March 30, 2009, and May 4, 2009, and sent by first-class and certified mail, return receipt requested.

Staff sent each request to Respondent's CRD address and the Alternate address. The certified mailings were returned marked "unclaimed." The first-class mailings were not returned. Respondent did not respond to either of the requests. Craine Decl. ¶¶ 9-16.

³ See Article V, Sec. 4(a), FINRA By-Laws, available at www.finra.org/Rules (then follow "FINRA Manual" hyperlink to "Corporate Organization: By-Laws").

The facts in the Complaint establish that Respondent violated FINRA Rules 8210 and 2010 by failing to respond to Staff's requests for information.

V. Sanctions

For failing to respond to FINRA Rule 8210 requests for information, the FINRA Sanction Guidelines provide that a bar should be "standard" when there is a complete failure to respond.⁴ There are no mitigating factors that would warrant a lesser sanction. Accordingly, the Hearing Officer will bar Respondent from associating with any FINRA member firm in any capacity.

VI. Order

Respondent is barred from associating with any member firm in any capacity for failing to respond to requests for information, in violation of Procedural Rule 8210 and Conduct Rule 2010. The bar shall become effective immediately if this Default Decision becomes the final disciplinary action of FINRA.


Sara Nelson Bloom
Hearing Officer

Copies to: Robert D. House (*via overnight courier and first-class mail*)
Patrick K. Craine, Esq. (*via electronic and first-class mail*)
Mark P. Dauer, Esq. (*via electronic mail*)
David R. Sonnenberg, Esq. (*via electronic mail*)

⁴ Guidelines at 35, available at www.finra.org/sanctionguidelines.

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Robert D. House (CRD No. 2080155),

Respondent.

DISCIPLINARY PROCEEDING
No. 2010022188901

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Robert D. House ("House") failed to respond to two requests for on-the-record testimony issued on March 30, 2010 and May 4, 2010, in violation of FINRA Procedural Rule 8210 and FINRA Conduct Rule 2010.

RESPONDENT AND JURISDICTION

2. House first became registered with FINRA as a General Securities Representative in 1990, through registered firm The Stuart-James Company (CRD 11691). He was subsequently registered with eleven other registered firms before joining Steven L. Falk & Associates, Inc. (CRD 14297). On August 15, 2008, Steven L. Falk & Associates filed a Uniform Termination Notice for Securities Industry Registration ("Form U-5") on behalf of House.

3. Although Respondent has not been associated with a FINRA-registered firm since August 15, 2008, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) the Complaint was filed within two years after the date upon which he ceased to be associated with a FINRA-registered firm, and (2) the Complaint charges him with failing to appear for on-the-record testimony during the two-year period after the date upon which he ceased to be associated with a FINRA-registered firm.

**CAUSE OF ACTION
FAILURE TO RESPOND
FINRA PROCEDURAL RULE 8210 AND FINRA CONDUCT RULE 2010**

4. The Department realleges and incorporates by reference paragraphs 1 through 3 above.

The First Request

5. In connection with a number of complaints about House's offering of an investment in real estate notes issued by Affirmative Equities Affordable Housing ("AEAH") Fund I and Fund II, FINRA staff commenced an investigation into House's AEAH sales.
6. During the course of the examination, the staff of FINRA's District No. 6 office (the "Staff") made a written request for House to appear for on-the-record testimony pursuant to FINRA Procedural Rule 8210 ("First Request").
7. The Staff sent the First Request to House on March 30, 2010 via certified mail, return receipt requested and via first-class mail to House's residential address, according to

the Central Registration Depository ("CRD"), at [REDACTED]
[REDACTED] ("CRD Address"). Utilizing the LEXIS/NEXIS service,
the Staff obtained an additional address at [REDACTED]
[REDACTED] ("LEXIS/NEXIS Address"). The First Request was also sent to
the LEXIS/NEXIS Address via certified mail, return receipt requested and via first-
class mail.

8. The certified mailings to the CRD Address and LEXIS/NEXIS Address were both
returned to the Staff by the United States Postal Service ("USPS"), marked
"Unclaimed." The first class mailings to the CRD Address and LEXIS/NEXIS
Address were not returned.
9. House failed to respond to the First Request and failed to appear for the scheduled
testimony.

The Second Request

10. The Staff sent a second written request to House on May 4, 2010 via certified mail,
return receipt requested and via first-class mail to the CRD Address and
LEXIS/NEXIS Address requesting that House appear for on-the-record testimony
pursuant to FINRA Procedural Rule 8210 ("Second Request").
11. The certified mailing to the CRD Address was returned by the USPS, marked
"Unclaimed." The first-class mailing to the CRD Address was not returned.
12. The certified mailing to the LEXIS/NEXIS Address was returned by the USPS,
marked "Unclaimed." The first-class mailing to the CRD Address was not returned.

13. House failed to respond to the Second Request and failed to appear for the scheduled testimony.

By reason of the foregoing, House violated FINRA Procedural Rule 8210 and FINRA Conduct Rule 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed.
- B. order that the Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

June 17, 2010
Date



Patrick K. Craine, Senior Regional Counsel
Andrew Favret, Regional Chief Counsel
FINRA Department of Enforcement
12801 North Central Expressway, Suite 1050
Dallas, Texas 75243
Phone No.: 972.706.7608
Fax No.: 972.716.7646
patrick.craine@finra.org